

**MEMORANDUM
DEPARTMENT OF FACILITY SERVICES
COUNTY OF PLACER**

To: Honorable Board of Supervisors Date: April 22, 2014

From: Mary Dietrich, Facility Services Director *MD*
By: Kevin Bell, Environmental Engineering Program Manager *KPB*

Subject: Garbage Collection Fee Increase - Franchise Areas 2 and 3

ACTION REQUESTED / RECOMMENDATION:

1. Conduct a Public Hearing to receive input on proposed garbage collection fee adjustments in Franchise Areas 2 and 3 which include unincorporated Placer County east of Colfax to the Nevada state line.
2. Approve an Amendment with Placer County Eastern Regional Sanitary Landfill, Inc. and Tahoe Truckee Disposal Co., Inc. for Solid Waste Handling Services to incorporate increased processing fees and adjusted garbage collection fees charged to the public for FY 2014-15. This will result in no increase to tipping fees at the Material Recovery Facility and increases of up to 2.6% for garbage collection services, at no net County cost.
3. Make a finding pursuant to Section 21080(b)(8) of the Public Resource Code that the collection fees are derived directly from the cost of providing service and are necessary to meet operating expenses required for maintenance of service and are therefore exempt from environmental review.

BACKGROUND: In July of 2003, the County entered into an Agreement with Placer County Eastern Regional Sanitary Landfill, Inc. (ERL Inc.) and Tahoe Truckee Disposal Co., Inc. (TTD) for the collection, transportation, processing, recycling and disposal of solid waste in the eastern portion of Placer County, including Franchise Areas 2 and 3, from the City of Colfax to the Nevada state line (see Exhibit A). Garbage collected by TTD is processed by ERL Inc. at the Eastern Regional Material Recovery Facility (ERMRF) where recyclable material is removed. Residual waste is landfilled at the Lockwood Landfill in Nevada. The Agreement includes annual cost of living adjustments (COLA) to the tipping and processing fees and garbage collection fees based on annual changes in the Employee Cost Index (ECI) and Producer Price Index (PPI).

ERL Tipping Fees

No adjustments to the current ERMRF tipping fees are proposed for FY 2014-15. Per the terms of the Agreement, for FY 2014-15, ERL Inc., is entitled to a \$0.26 per ton (0.61%) COLA increase to the ERMRF processing fees and a \$0.44 per ton (3.0%) increase to disposal fees paid at the Lockwood Landfill. These increases can be absorbed within the existing tipping fees charged at the ERMRF.

Franchise Area 2 and 3 Garbage Collection Fees

For FY 2014-15, the following adjustments to garbage collection fees (by component) in Franchise Areas 2 and 3 are prescribed per the Agreement:

1. Service – This is the fee charged by TTD for collecting and transporting garbage to the ERMRF. Per the Agreement, the calculated COLA for FY 2014-15 is 0.61%. Two years ago, TTD agreed to defer the 5.62% COLA for FY 2012-13 and apply the COLA in equal amounts over the following two fiscal years. Therefore the final 2.81% of the FY 2012-13 COLA will be added to this year's 0.61% COLA for a total COLA of 3.42% applied to the service portion of the collections fees.
2. Disposal – This is the cost to TTD for dumping garbage at the ERMRF. As discussed above, no changes in tipping fees at the ERMRF are proposed for FY 2014-15.

3. **Special Fee** – This portion of the fee funds the County's solid waste management program which includes monitoring and maintenance at the closed County landfill sites, many of our outreach and education programs, and oversight of garbage collection services. The existing 4% fee is sufficient to fund these programs.

The current garbage collection fees, proposed adjustments and the proposed fees are shown in Exhibit B. The cost of single can service is proposed to increase from the current rate of \$21.62 to \$22.19 per month in Area 2, and from \$18.81 to \$19.29 per month in Area 3. The cost of a three cubic yard commercial service is proposed to increase from the current rate of \$277.82 to \$283.16 per month in Area 2, and from \$223.03 to \$226.50 per month in Area 3.

All property owners in Franchise Area 3, where garbage collection is mandatory, were mailed a postcard noticing the proposed garbage collection fee increase and the Public Hearing. This notice was mailed 45 days prior to the Public Hearing in compliance with Proposition 218. The Clerk of the Board will provide a tally of all protests received from property owners up to the time of the Hearing. If a majority of affected property owners in Franchise Area 3 file written protests, the proposed fee increases will not be imposed. If the fee increases are not imposed, TTD will still be entitled to the COLA on the service portion of individual fees per the Agreement and alternate funding, such as ERL Reserves would need to be used to reimburse TTD for the service fee increase.

Property owners in Franchise Area 2, where garbage collection is not mandatory and therefore not subject to Proposition 218, were notified through a billing insert and through newspaper advertisements. A copy of the Agreement is available for review at the Clerk of the Board's Office.

In order to implement the proposed collection fee increases, your Board must conduct a Public Hearing, consider protests from affected property owners, and approve an Amendment to the Agreement with ERL Inc. and TTD. If approved, the proposed garbage collection fees will take effect July 1, 2014.

ENVIRONMENTAL CLEARANCE: Adjustment to the waste processing fees at the ERMRF is not considered a Project under CEQA. The proposed tipping and collection fee adjustments are considered exempt from environmental review, pursuant to Section 21080(b)(8) of the Public Resource Code, provided your Board makes the finding that the collection fees are derived directly from the cost of providing service and are necessary to meet operating expenses required for maintenance of service.

FISCAL IMPACT: ERL Inc., and TTD are paid through tipping fees and garbage collection fees respectively; as a result, there is no net County cost. Tipping fees at the ERMRF are proposed to remain unchanged for FY 2014-15. Increasing processing fees and maintaining current tipping fees will decrease revenue to the ERL Budget by approximately \$20,000 for FY 2014-15. The reduction in revenue was anticipated in the development of the FY 2014-15 Budget and will be offset by other operational savings.

The proposed garbage collection fee adjustments range from +1.2% to +2.6%, based on the type and level of service. Proposed FY 2014-15 garbage collection fees and percent increases from FY 2013-14 are provided in Exhibit B. These increases will not significantly affect revenue to the Solid Waste Management Enterprise Fund for FY 2014-15.

AVAILABLE FOR REVIEW AT THE CLERK OF THE BOARD'S OFFICE: AGREEMENT

ATTACHMENTS: EXHIBIT A
EXHIBIT B

MD/KB/WS/LM

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Placer County - Solid Waste Franchise Areas



Placer County
Solid Waste Franchise Areas

May 8, 2012

Legend

-  Franchise Area 1
-  Franchise Area 2
-  Franchise Area 3
-  Franchise Area 4
-  City Boundaries
-  Interstate
-  State Highway
-  Railroad
-  Lakes

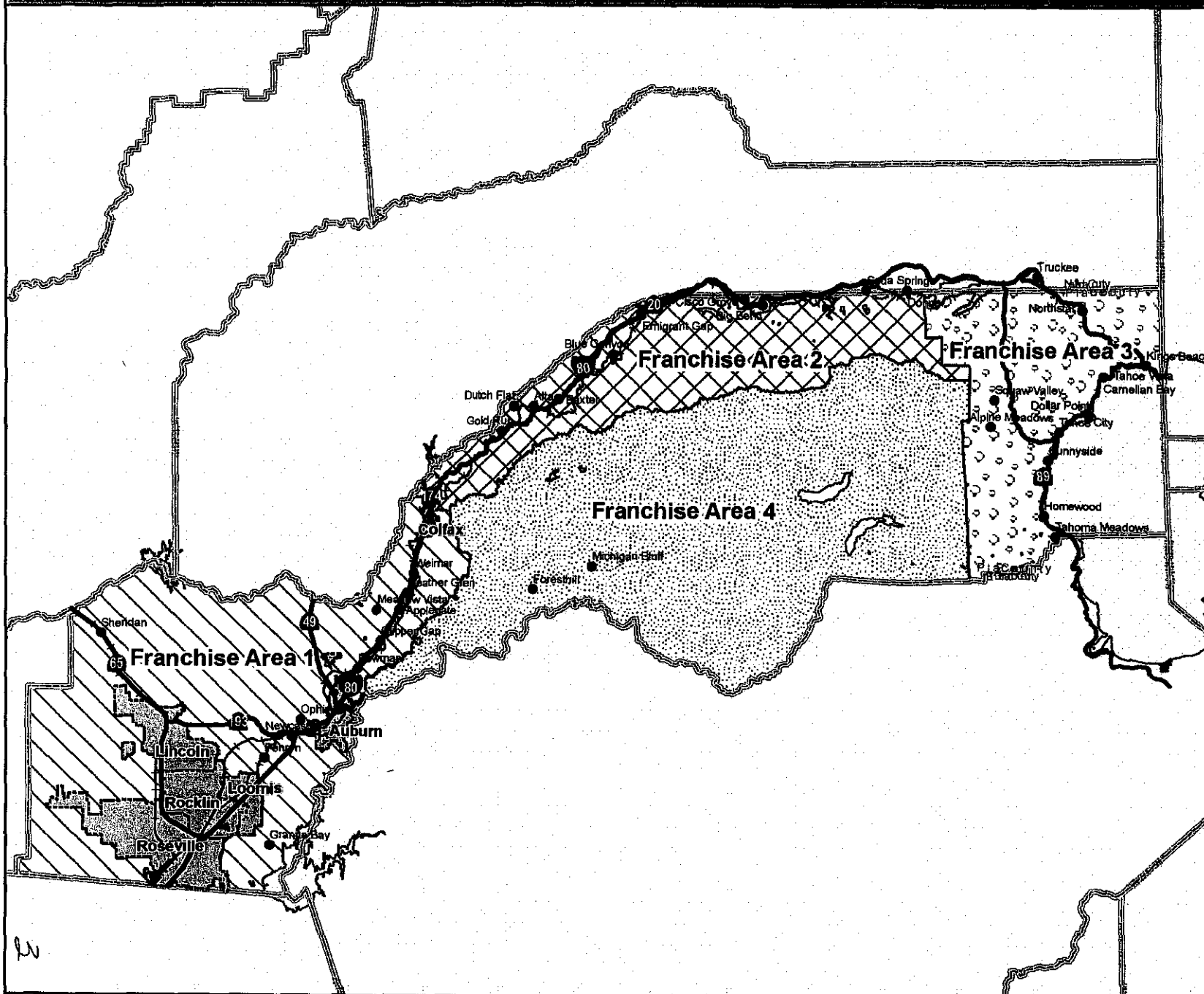


EXHIBIT A



FRANCHISE AREA 2 COLLECTION FEES

Level of Service ¹	Current Fee				Proposed Adjustment				Proposed Fee				%Diff	
Service	Service	Disposal	Surcharge	Total	Service	Disposal	Surcharge	Total	Service	Disposal	Surcharge	Total		
Monthly Residential (Based on 28 lbs/can)														
32 gal can	\$16.09	\$ 4.70	\$0.83	\$21.62	\$0.55	\$0.00	\$0.02	\$0.57	\$16.64	\$ 4.70	\$0.85	\$22.19	2.6%	
2 cans	\$18.16	\$ 9.40	\$1.10	\$28.66	\$0.62	\$0.00	\$0.03	\$0.65	\$18.78	\$ 9.40	\$1.13	\$29.31	2.3%	
3 cans	\$20.20	\$14.11	\$1.37	\$35.68	\$0.69	\$0.00	\$0.03	\$0.72	\$20.89	\$14.11	\$1.40	\$36.40	2.0%	
4 cans	\$22.26	\$18.81	\$1.64	\$42.71	\$0.76	\$0.00	\$0.03	\$0.79	\$23.02	\$18.81	\$1.67	\$43.50	1.8%	
5 cans	\$24.31	\$23.51	\$1.91	\$49.73	\$0.83	\$0.00	\$0.04	\$0.87	\$25.14	\$23.51	\$1.95	\$50.60	1.7%	
6 cans	\$26.22	\$28.21	\$2.18	\$56.61	\$0.90	\$0.00	\$0.03	\$0.93	\$27.12	\$28.21	\$2.21	\$57.54	1.6%	
senior	\$12.10	\$ 4.70	\$0.67	\$17.47	\$0.41	\$0.00	\$0.02	\$0.43	\$12.51	\$ 4.70	\$0.69	\$17.90	2.5%	
Monthly Commercial (Based on 232 lbs/yard)														
3 yd, ½x	\$ 82.71	\$ 58.44	\$ 5.65	\$ 146.80	\$ 2.83	\$0.00	\$0.11	\$ 2.94	\$ 85.54	\$ 58.44	\$ 5.76	\$ 149.74	2.0%	
3 yd, 1x	\$150.26	\$116.87	\$10.69	\$ 277.82	\$ 5.14	\$0.00	\$0.20	\$ 5.34	\$155.40	\$116.87	\$10.89	\$ 283.16	1.9%	
3 yd, 2x	\$242.80	\$233.74	\$19.06	\$ 495.60	\$ 8.30	\$0.00	\$0.33	\$ 8.63	\$251.10	\$233.74	\$19.39	\$ 504.23	1.7%	
3 yd, 3x	\$335.47	\$350.61	\$27.44	\$ 713.52	\$11.47	\$0.00	\$0.46	\$11.93	\$346.94	\$350.61	\$27.90	\$ 725.45	1.7%	
4 yd, 1x	\$177.80	\$155.83	\$13.35	\$ 346.98	\$ 6.08	\$0.00	\$0.24	\$ 6.32	\$183.88	\$155.83	\$13.59	\$ 353.30	1.8%	
4 yd, 2x	\$271.80	\$311.65	\$23.34	\$ 606.79	\$ 9.30	\$0.00	\$0.37	\$ 9.67	\$281.10	\$311.65	\$23.71	\$ 616.46	1.6%	
4 yd, 3x	\$365.80	\$467.48	\$33.33	\$ 866.61	\$12.51	\$0.00	\$0.50	\$13.01	\$378.31	\$467.48	\$33.83	\$ 879.62	1.5%	
6 yd, 1x	\$234.54	\$233.74	\$18.73	\$ 487.01	\$ 8.02	\$0.00	\$0.32	\$ 8.34	\$242.56	\$233.74	\$19.05	\$ 495.35	1.7%	
6 yd, 2x	\$419.78	\$467.48	\$35.49	\$ 922.75	\$14.36	\$0.00	\$0.57	\$14.93	\$434.14	\$467.48	\$36.06	\$ 937.68	1.6%	
6 yd, 3x	\$605.19	\$701.22	\$52.26	\$1,358.67	\$20.70	\$0.00	\$0.82	\$21.52	\$625.89	\$701.22	\$53.08	\$1,380.19	1.6%	
Debris Boxes														
6 yd	\$ 61.69	\$ 53.94	\$ 4.63	\$120.26	\$2.11	\$0.00	\$0.08	\$2.19	\$ 63.80	\$ 53.94	\$ 4.71	\$122.45	1.8%	
20 yd	\$168.10	\$179.80	\$13.92	\$361.82	\$5.75	\$0.00	\$0.23	\$5.98	\$173.85	\$179.80	\$14.15	\$367.80	1.7%	
30 yd	\$152.61	\$269.70	\$16.89	\$439.20	\$5.22	\$0.00	\$0.21	\$5.43	\$157.83	\$269.70	\$17.10	\$444.63	1.2%	
rock box	\$168.10	\$129.32	\$11.90	\$309.32	\$5.75	\$0.00	\$0.23	\$5.98	\$173.85	\$129.32	\$12.13	\$315.30	1.9%	
chipped wood 20 yd	\$168.10	\$118.00	\$11.44	\$297.54	\$5.75	\$0.00	\$0.23	\$5.98	\$173.85	\$118.00	\$11.67	\$303.52	2.0%	
chipped wood 30 yd	\$152.61	\$177.00	\$13.18	\$342.79	\$5.22	\$0.00	\$0.21	\$5.43	\$157.83	\$177.00	\$13.39	\$348.22	1.6%	

* Overweight charges will be applied to the currently applicable tipping fee to 20-yard debris boxes weighing over 8,000 pounds and 30-yard debris boxes weighing over 10,000 pounds.

¹ Level of Service correspond to bin size (in cubic yards) and collection frequency per week (i.e.: 2x = twice per week, ½x = every two weeks).

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FRANCHISE AREA 3 COLLECTION FEES

Level of Service ¹	----- Current Fee -----				----- Proposed Adjustment -----				----- Proposed Fee -----				% Diff		
	Service	Disposal	Surcharge	Total	Service	Disposal	Surcharge	Total	Service	Disposal	Surcharge	Total			
Monthly Residential (Based on 28 lbs/can)															
32 gal can	\$13.39	\$4.70	\$0.72	\$18.81		\$0.46	\$0.00	\$0.02	\$0.48		\$13.85	\$4.70	\$0.74	\$19.29	2.6%
2 cans	\$14.68	\$9.40	\$0.96	\$25.04		\$0.50	\$0.00	\$0.02	\$0.52		\$15.18	\$9.40	\$0.98	\$25.56	2.1%
senior	\$ 9.79	\$4.70	\$0.58	\$15.07		\$0.33	\$0.00	\$0.01	\$0.34		\$10.12	\$4.70	\$0.59	\$15.41	2.3%
Monthly Commercial (Based on 232 lbs/yd ³)															
3 yd, 1x	\$ 97.58	\$116.87	\$ 8.58	\$ 223.03		\$ 3.34	\$0.00	\$0.13	\$ 3.47		\$100.92	\$116.87	\$ 8.71	\$ 226.50	1.6%
3 yd, 2x	\$169.86	\$233.74	\$16.14	\$ 419.74		\$ 5.81	\$0.00	\$0.24	\$ 6.05		\$175.67	\$233.74	\$16.38	\$ 425.79	1.4%
3 yd, 3x	\$242.28	\$350.61	\$23.72	\$ 616.61		\$ 8.29	\$0.00	\$0.33	\$ 8.62		\$250.57	\$350.61	\$24.05	\$ 625.23	1.4%
4 yd, 1x	\$118.77	\$155.83	\$10.98	\$ 285.58		\$ 4.06	\$0.00	\$0.17	\$ 4.23		\$122.83	\$155.83	\$11.15	\$ 289.81	1.5%
4 yd, 2x	\$188.78	\$311.65	\$20.02	\$ 520.45		\$ 6.46	\$0.00	\$0.26	\$ 6.72		\$195.24	\$311.65	\$20.28	\$ 527.17	1.3%
4 yd, 3x	\$258.65	\$467.48	\$29.05	\$ 755.18		\$ 8.85	\$0.00	\$0.35	\$ 9.20		\$267.50	\$467.48	\$29.40	\$ 764.38	1.2%
6 yd, 1x	\$162.51	\$233.74	\$15.85	\$ 412.10		\$ 5.56	\$0.00	\$0.22	\$ 5.78		\$168.07	\$233.74	\$16.07	\$ 417.88	1.4%
6 yd, 2x	\$307.47	\$467.48	\$31.00	\$ 805.95		\$10.52	\$0.00	\$0.42	\$10.94		\$317.99	\$467.48	\$31.42	\$ 816.89	1.4%
6 yd, 3x	\$452.50	\$701.22	\$46.15	\$1,199.87		\$15.48	\$0.00	\$0.62	\$16.10		\$467.98	\$701.22	\$46.77	\$1,215.97	1.3%
Monthly Compactors (Based on 375 lbs/yd ³)															
10 yd, 1x	\$ 701.20	\$ 629.69	\$ 53.24	\$1,384.13		\$ 23.98	\$0.00	\$0.95	\$ 24.93		\$ 725.18	\$ 629.69	\$ 54.19	\$1,409.06	1.8%
15 yd, 1x	\$1,051.80	\$ 944.53	\$ 79.85	\$2,076.18		\$ 35.97	\$0.00	\$1.44	\$ 37.41		\$1,087.77	\$ 944.53	\$ 81.29	\$2,113.59	1.8%
15 yd, 2x	\$2,103.59	\$1,889.06	\$159.71	\$4,152.36		\$ 71.94	\$0.00	\$2.87	\$ 74.81		\$2,175.53	\$1,889.06	\$162.58	\$4,227.17	1.8%
25 yd, 1x	\$1,753.00	\$1,574.22	\$133.09	\$3,460.31		\$ 59.95	\$0.00	\$2.40	\$ 62.35		\$1,812.95	\$1,574.22	\$135.49	\$3,522.66	1.8%
25 yd, 2x	\$3,505.82	\$3,148.44	\$266.17	\$6,920.43		\$119.90	\$0.00	\$4.80	\$124.70		\$3,625.72	\$3,148.44	\$270.97	\$7,045.13	1.8%
30 yd, 1x	\$2,103.59	\$1,889.06	\$159.71	\$4,152.36		\$ 71.94	\$0.00	\$2.87	\$ 74.81		\$2,175.53	\$1,889.06	\$162.58	\$4,227.17	1.8%
30 yd, 2x	\$4,207.22	\$3,778.13	\$319.41	\$8,304.76		\$143.89	\$0.00	\$5.76	\$149.65		\$4,351.11	\$3,778.13	\$325.17	\$8,454.41	1.8%
Debris Boxes*															
6 yd	\$ 61.69	\$ 53.94	\$ 4.63	\$120.26		\$2.11	\$0.00	\$0.08	\$2.19		\$ 63.80	\$ 53.94	\$ 4.71	\$122.45	1.8%
20 yd	\$168.10	\$179.80	\$13.92	\$361.82		\$5.75	\$0.00	\$0.23	\$5.98		\$173.85	\$179.80	\$14.15	\$367.80	1.7%
30 yd	\$152.61	\$269.70	\$16.89	\$439.20		\$5.22	\$0.00	\$0.21	\$5.43		\$157.83	\$269.70	\$17.10	\$444.63	1.2%
rock box	\$168.10	\$129.32	\$11.90	\$309.32		\$5.75	\$0.00	\$0.23	\$5.98		\$173.85	\$129.32	\$12.13	\$315.30	1.9%
chipped wood 20 yd	\$168.10	\$118.00	\$11.44	\$297.54		\$5.75	\$0.00	\$0.23	\$5.98		\$173.85	\$118.00	\$11.67	\$303.52	2.0%
chipped wood 30 yd	\$152.61	\$177.00	\$13.18	\$342.79		\$5.22	\$0.00	\$0.21	\$5.43		\$157.83	\$177.00	\$13.39	\$348.22	1.6%

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